



LEADING EDGE MATERIALS CORP.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
OCTOBER 31, 2023 AND 2022

(Expressed in Canadian Dollars)



Independent Auditor's Report

To the Shareholders of Leading Edge Materials Corp.

Opinion

We have audited the consolidated financial statements of Leading Edge Materials Corp. (the "Company"), which comprise the consolidated statements of financial position as at October 31, 2023 and October 31, 2022, and the consolidated statements of comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2023 and October 31, 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Restated Comparative Information

We draw attention to Note 14 to the consolidated financial statements, which explains that certain comparative information presented for the year ended October 31, 2022 has been restated. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended October 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of Impairment Indicators of Exploration and Evaluation Assets

Description

Management assesses whether there are indicators of impairment to exploration and evaluation assets when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed the recoverable amount. Management applies judgement in assessing whether impairment indicators are present. No impairment indicators were identified by management as of October 31, 2023.



This matter was significant to our audit because the carrying value of the Company's exploration and evaluation assets at October 31, 2023, was \$ 17,744,472, which represents a significant portion of the Company's total assets and management applies significant judgement in assessing whether impairment indicators are present. See Note 3 and Note 5 to the consolidated financial statements.

How the Key Audit Matter Was Addressed in the Audit

Our approach to addressing the matter included the following procedures, among others:

Evaluated management's assessment as to whether there were any indicators of impairment to exploration and evaluation assets, which included the following:

- Obtained all mineral claim and permit listings held by the Company and confirmed the mineral claims held with the related mining authorities.
- Considered the Company's intentions to carry out future exploration and evaluation expenditures which included reading Board of Directors' meeting minutes and enquiring as to the intentions and strategy of the Company.
- Assessed whether there were other changes in circumstances indicating that the exploration and evaluation expenditures may not be recoverable, based on the evidence obtained in other areas of the audit.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Carly Bergman.

Vancouver, B.C.
January 24, 2024

"D&H Group LLP"

Chartered Professional Accountants

LEADING EDGE MATERIALS CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	October 31, 2023 \$	October 31, 2022 (as restated – Note 14) \$
ASSETS			
Current assets			
Cash		2,427,311	1,198,536
GST/VAT receivables		193,246	15,915
Prepaid expenses		110,901	45,350
Investments	4	150,462	148,839
Inventory		77,236	77,165
Plant stores and supplies		83,355	83,278
Total current assets		3,042,511	1,569,083
Non-current assets			
Exploration and evaluation assets	5	17,744,472	16,909,663
Property, plant and equipment	6	4,509,105	5,256,035
Reclamation deposit	7	91,361	97,637
Total non-current assets		22,344,938	22,263,335
TOTAL ASSETS		25,387,449	23,832,418
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		329,413	203,426
Non-current liabilities			
Provision for site restoration	7	4,173,494	4,795,779
Property acquisition obligation	5(a), 6	497,296	496,839
Total non-current liabilities		4,670,790	5,292,618
TOTAL LIABILITIES		5,000,203	5,496,044
SHAREHOLDERS' EQUITY			
Share capital	8	59,220,772	55,442,053
Share-based payments reserve	8(d)	8,016,774	7,162,148
Deficit		(46,850,300)	(44,267,827)
TOTAL SHAREHOLDERS' EQUITY		20,387,246	18,336,374
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		25,387,449	23,832,418

Nature of Operations - Note 1

Events after the Reporting Period – Note 16

These consolidated financial statements were approved for issue by the Board of Directors on January 24, 2024 and are signed on its behalf by:

/s/ Eric Krafft
Eric Krafft
Director

/s/ Daniel Major
Daniel Major
Director

The accompanying notes are an integral part of these consolidated financial statements.

LEADING EDGE MATERIALS CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

		Year Ended October 31,	
	Notes	2023	2022
			(as restated – Note 14)
		\$	\$
Expenses			
Accretion of provision for site restoration	7	105,028	40,802
Corporate development		68,406	109,458
Depreciation		23,027	24,069
Directors and officer's compensation	9(a)	182,341	443,700
Research, development and general exploration	5	268,143	79,774
Accounting and audit	9(b)	158,872	139,204
General and administration		51,421	76,773
Listing and regulatory costs		183,568	198,495
Operations		225,469	223,134
Salaries, compensation and benefits		221,723	311,996
Professional fees		35,002	64,069
Share based compensation	9(a),14	854,275	974,462
Travel		56,841	19,515
		<u>2,434,116</u>	<u>2,705,451</u>
Loss before other items		<u>(2,434,116)</u>	<u>(2,705,451)</u>
Other items			
Interest income		61,492	25,497
Other Income		7,172	6,571
Foreign exchange		(137,529)	151,206
Mark to market adjustment loss		1,625	(383,766)
Gain/Loss on sale of investment		-	(257,614)
Write off of Exploration and Evaluation assets		(81,117)	-
		<u>(148,357)</u>	<u>(458,106)</u>
Net loss and comprehensive loss		<u>(2,582,473)</u>	<u>(3,163,557)</u>
Loss per share – basic and diluted		<u>(\$0.02)</u>	<u>(\$0.02)</u>
Weighted average number of common shares outstanding - basic and diluted		<u>167,139,971</u>	<u>151,801,734</u>

The accompanying notes are an integral part of these consolidated financial statements.

LEADING EDGE MATERIALS CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

Year Ended October 31, 2023					
	Share Capital		Share-Based Payments Reserve \$	Deficit \$	Total Equity \$
	Number of Shares	Amount \$			
Balance as at October 31, 2022 (as restated – Note 14)	152,523,533	55,442,053	7,162,148	(44,267,827)	18,336,374
Common shares issued for:					
Warrants exercised	13,000,000	1,300,000	-	-	1,300,000
Shares issued	21,739,130	2,500,000	-	-	2,500,000
Share Issue Cost	-	(21,281)	351	-	(20,930)
Share-based compensation	-	-	854,275	-	854,275
Net loss for the period	-	-	-	(2,582,473)	(2,582,473)
Balance at October 31, 2023	187,262,663	59,220,772	8,016,774	(46,850,300)	20,387,246

Year Ended October 31, 2022					
	Share Capital		Share-Based Payments Reserve \$	Deficit \$	Total Equity \$
	Number of Shares	Amount \$			
Balance as at October 31, 2021	147,024,071	53,521,054	6,187,686	(41,104,270)	18,604,470
Common shares issued for:					
Options exercised	500,000	112,500	-	-	112,500
Warrants exercised	4,421,428	1,620,500	-	-	1,620,500
Shares issued to REMAT group	550,509	178,916	-	-	178,916
Shares issued for Finder's Fee	27,525	9,083	-	-	9,083
Share-based compensation (as restated – Note 14)	-	-	974,462	-	974,462
Net loss for the period (as restated – Note 14)	-	-	-	(3,163,557)	(3,163,557)
Balance as at October 31, 2022 (as restated – Note 14)	152,523,533	55,442,053	7,162,148	(44,267,827)	18,336,374

The accompanying notes are an integral part of these consolidated financial statements.

LEADING EDGE MATERIALS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year Ended October 31,	
	2023	2022
	\$	(as restated – Note 14) \$
Operating activities		
Net loss for the year	(2,582,473)	(3,163,557)
Adjustments for:		
Accretion of provision for site restoration	105,028	40,802
Depreciation	23,027	24,069
Foreign exchange	6,589	(59,577)
Share based compensation	854,275	974,462
Mark to market adjustment loss	(1,625)	383,766
Loss on sale of investments	-	257,614
Write off of Exploration and Evaluation assets	81,117	-
Changes in non-cash working capital items:		
GST/VAT receivables	(177,331)	3,814
Prepaid expenses and other	(65,551)	16,203
Accounts payable and accrued liabilities	125,987	(1,824)
Net cash from (used in) operating activities	(1,630,957)	(1,524,228)
Investing activity		
Additions to property, plant and equipment	(3,410)	-
Proceeds from sale of investments	-	191,491
Expenditures on exploration and evaluation assets	(915,928)	(518,524)
Net cash from (used in) investing activity	(919,338)	(327,033)
Financing activities		
Issuance of common shares	3,800,000	1,733,000
Share issue costs	(20,930)	-
Net cash provided by financing activities	3,779,070	1,733,000
Net change in cash	1,228,775	(118,261)
Cash at beginning of year	1,198,536	1,316,797
Cash at end of year	2,427,311	1,198,536

Supplemental cash flow information - See Note 11

LEADING EDGE MATERIALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2023 AND 2022
(Expressed in Canadian Dollars)

1. Nature of Operations

The Company is a Canadian public company primarily focused on developing a portfolio of critical raw material projects located in the European Union. The portfolio of projects includes the 100% owned Woxna Graphite mine (Sweden), Norra Kärr HREE project (Sweden) and the 51% owned Bihor Sud Nickel Cobalt exploration alliance (Romania). The Company's common shares trade on the TSX Venture Exchange (the "TSXV") under the symbol "LEM", on the OTCQB under the symbol "LEMIF", on NASDAQ First North under the symbol "LEMSE" and on Frankfurt under the symbol "7FL". The Company's principal office is located at 14th Floor 1040 West Georgia Street, Vancouver, BC Canada V6E 4H1.

During the year ended October 31, 2023 the Company recorded a net loss of \$2,582,473 and, as at October 31, 2023, the Company had an accumulated deficit of \$46,850,300 and working capital of \$2,713,098. For the Woxna Graphite Mine the Company maintains ongoing research and development to produce higher specialty products such as high purity graphite for battery and other specialty end uses. The Company is maintaining its Woxna Graphite Mine on a "production-ready" basis to minimize costs whilst such development work is ongoing. For the Norra Kärr HREE project the Company's main focus is filing the Natura 2000 permit application in order to progress the ongoing mining lease application process. Additionally, later in the year focus to be on producing a new PFS. Finally, for Bihor Sud project, the Company should be entering additional galleries. There is a comprehensive programme planned involving geophysics, trenching and sampling from inside the galleries. This will all lead towards designing a drill programme aiming to produce a resource statement. The Company anticipates that it has sufficient funding to meet anticipated levels of corporate administration and overheads for the ensuing twelve months, however, it will need additional capital to recommence operations at the Woxna Graphite Mine and/or modernize the plant to produce value added production and to fund future development of the Norra Kärr Property. There is no assurance such additional capital will be available to the Company on acceptable terms or at all. In the longer term the recoverability of the carrying value of the Company's long-lived assets is dependent upon the Company's ability to preserve its interest in the underlying mineral property interests, the discovery of economically recoverable reserves, the achievement of profitable operations and the ability of the Company to obtain financing to support its ongoing exploration and development programs, and mining operations.

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") appropriate for a going concern. The going concern basis of accounting assumes the Company will continue to realize the value of its assets and discharge its liabilities and other obligations in the ordinary course of business. Should the Company be required to realize the value of its assets in other than the ordinary course of business, the net realizable value of its assets may be materially less than the amounts shown in the consolidated financial statements. These consolidated financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that may be necessary should the Company be unable to repay its liabilities and meet its other obligations in the ordinary course of business or continue operations.

2. Basis of Preparation

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

LEADING EDGE MATERIALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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2. Basis of Preparation (continued)

Basis of Measurement

The Company's consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

Details of the Group

In addition to the Company, the consolidated financial statements include all subsidiaries. Subsidiaries are all entities over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Inter-company transactions and balances are eliminated upon consolidation. They are deconsolidated from the date that control by the Company ceases.

The subsidiaries of the Company are as follows:

<u>Company</u>	<u>Location of Incorporation</u>	<u>Ownership Interest</u>
Flinders Holdings Limited ("Flinders Holdings")	British Columbia	100%
Woxna Graphite AB ("Woxna")	Sweden	100%
Tasman Metals Ltd.	British Columbia	100%
GREENNA Mineral AB (Formerly "Tasman Metals AB")	Sweden	100%
LEM Resources SRL ("LEM Romania")	Romania	51%

3. Significant Accounting Policies

Critical Judgments and Sources of Estimation Uncertainty

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

- (i) The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.
- (ii) Management is required to assess the functional currency of each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent and its subsidiary companies, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

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3. Significant Accounting Policies (continued)

- (iii) Management is required to assess impairment of intangible exploration and evaluation assets. The triggering events are defined in IFRS 6. In making the assessment, management is required to make judgments on the status of each project and the future plans toward finding commercial reserves. The nature of exploration and evaluation activity is such that only a proportion of projects are ultimately successful and some assets are likely to be impaired in future periods. In fiscal 2023 and 2022 management determined that there were no impairment indicators and no impairment charge was required.
- (iv) Management is required to assess impairment in respect of property, plant and equipment. The triggering events are defined in IAS 36. In making the assessment, management is required to make judgments on the status of the project and the future plans toward finding commercial reserves to which the property, plant and equipment relate to. In fiscal 2023 and 2022 management determined that there were no impairment indicators and no impairment charge was required.
- (v) Although the Company takes steps to verify title to exploration and evaluation assets in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.
- (vi) The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company's estimate of future profits or losses adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the jurisdictions in which the Company operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized to the extent of the amount expected to be utilized. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances. Details of these can be found in Note 13.

Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

- (i) Depreciation and depletion expenses are allocated based on assumed asset lives and depletion/depreciation rates. Should the asset life or depletion/depreciation rate differ from the initial estimate, an adjustment would be made in the statement of operations.
- (ii) The cost estimates are updated periodically during the life of a mine to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.
- (iii) Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an

LEADING EDGE MATERIALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3. Significant Accounting Policies (continued)

additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

- (iv) Determining the fair value of warrants and stock options requires estimates related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could have a significant impact on the Company's future operating results or on other components of shareholders' equity (deficit).
- (v) The fair value of securities traded in active markets are based on quoted market prices at the close of trading on the reporting date. The fair value of securities that are subject to trading restrictions are recorded at a value which takes into account the length and nature of the restriction.

Cash and Cash Equivalents

Cash includes cash in bank and demand deposits. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. The Company is not exposed to significant credit or interest rate risk although cash is held in excess of federally insured limits with a major financial institution. At October 31, 2023 and 2022 the Company did not have any cash equivalents.

Amounts Receivable

Receivables are recognized initially at fair value and classified as amortized cost. Receivables are subsequently measured at amortized cost using the effective interest method, less expected credit losses. At each reporting date, the Company records credit losses at an amount equal to the lifetime expected credit losses using a present value and probability weighted model.

Inventory

Processed graphite inventory is valued at the lower of cost and net realizable value. Cost is determined as the average production cost of saleable graphite and net realizable value is determined as the calculated selling price less selling costs.

Plant Stores and Supplies

Plant stores and supplies are valued at the lower of cost and replacement cost.

Accounts Payable and Accrued Liabilities

Payables are obligations to pay for materials or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables are classified as amortized cost initially at fair value and are subsequently measured at amortized cost using the effective interest method.

Exploration and Evaluation Assets

The Company follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral properties when the company obtains legal rights to explore a specific area. All proceeds received are credited against the cost of the related properties. Such costs include, but are not exclusive to, geological and geophysical studies, exploratory drilling and sampling. At such time as commercial production

LEADING EDGE MATERIALS CORP.
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3. Significant Accounting Policies (continued)

commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral properties are charged to operations at the time of any abandonment, or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farmout of the property result in a revised estimate

of the recoverable amount, but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mineral property acquisition and development costs, a component of property, plant and equipment.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditure is not expected to be recovered, it is charged to the results of operations.

Property, Plant and Equipment

Property, plant and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statement of comprehensive loss.

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment. Expenditures incurred to replace a component of an item of plant and equipment that is accounted for separately, including major inspection and overhaul expenditures are capitalized. Property, plant and equipment are depreciated annually on a straight-line basis or on a unit of production basis over the estimated useful life of the assets commencing when the related asset is available for use as follows:

Vehicles	20%
Equipment and tools	20%
Building	5% to 10%
Manufacturing and processing facility	20% or on a unit of production basis
Mineral property acquisition and development costs	Unit of production basis

Depreciation of assets commence when the plant and equipment are available for use and in the condition necessary for them to be operating in the manner intended by management.

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3. Significant Accounting Policies (continued)

Impairment of Assets

At each financial position reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the

time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Provision for Site Restoration

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral interest by or on behalf of the Company. Costs for restoration of site damage which is created on an ongoing basis during exploration and evaluation are provided for at their net present values and charged against profits in the period such exploration and evaluation occurs. Discount rates using a risk free rate that reflects the time value of money are used to calculate the net present value. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current risk free discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

Financial Instruments

The Company classifies its financial assets and financial liabilities in the following measurement categories: (i) those to be measured subsequently at FVTPL; (ii) those to be measured subsequently at fair value through other comprehensive income (FVOCI); and (iii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other

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3. Significant Accounting Policies (continued)

financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in other comprehensive income.

Share Capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

Equity Financing

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. Units typically comprise a certain number of common shares and share purchase warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the terms of the transaction. The Company has adopted the residual value method with respect to the allocation of proceeds received on sale of units to the underlying common shares and share purchase warrants issued as private placement units. The fair value of the common shares issued in private placements is determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached share purchase warrants.

Share-Based Payment Transactions

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of share options granted is recognized as a share-based compensation expense with a corresponding increase in the equity settled share-based payments reserve in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

For employees the fair value is measured at grant date and each tranche is recognized separately on a straight line basis over the period during which the share options vest. The fair value of the share options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the share options were granted. Expected volatility is based on available historical volume of the Company's share price. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Equity-settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

Current and Deferred Income Taxes

Income tax expense comprises current and deferred income tax. Income tax is recognized in the statement of comprehensive loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the income tax is also recognized in other comprehensive income or directly in equity, respectively.

Current Income Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to

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3. Significant Accounting Policies (continued)

situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Income Tax

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Loss per Share

Basic loss per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings per share.

Foreign Currency Translation

Functional and Presentation Currency

The financial statements of each of the Company's subsidiaries are prepared in the local currency of their home jurisdictions. Consolidation of each subsidiary includes re-measurement from the local currency to the subsidiary's functional currency. Each subsidiary's functional currency, being the currency of the primary economic environment in which the subsidiary operates, is the Canadian dollar. The consolidated financial statements are presented in Canadian dollars.

Exchange rates published by the Bank of Canada were used to translate subsidiary financial statements into the consolidated financial statements. Income and expenses for each statement of comprehensive loss presented are translated using the rates prevailing on the transaction dates. All resulting foreign exchange differences are recognized in comprehensive loss.

Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in comprehensive loss.

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3. Significant Accounting Policies (continued)

Accounting Standards and Interpretations Issued but Not Yet Effective

(i) Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The IASB has published Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period".
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

4. Investments

Investments held by the Company are as follows:

Particulars	October 31, 2023 \$	October 31, 2022 \$
397,942 shares in United Lithium Corp. (ULTH)	119,383	107,444
400,000 warrants in United Lithium Corp. (Expire on April 29, 2024)	31,079	41,395
Total	150,462	148,839

The investment in United Lithium Corp will be revalued with level 1 input at each reporting date.

The value of warrants was determined using the Black-Scholes pricing model using level 2 inputs, the value was calculated based on risk-free rate of 4.77%, expected stock volatility of 100.71% and forfeiture rate of 0.0%.

206,373 ULTH shares are still held in escrow.

5. Exploration and Evaluation Assets

	As at October 31, 2023			As at October 31, 2022		
	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
Graphite Concessions	10,081	4,706	14,787	10,081	4,706	14,787
Norra Kärr	15,402,622	966,062	16,368,684	15,402,622	958,729	16,361,351
Woxna graphite Romania	-	-	-	-	81,117	81,117
	187,999	1,173,002	1,361,001	187,999	264,409	452,408
	15,600,702	2,143,770	17,744,472	15,600,702	1,308,961	16,909,663

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5. Exploration and Evaluation Assets (continued)

	Graphite concessions \$	Anode Project \$	Norra Kärr \$	Romania \$	Total \$
Balance at October 31, 2021	14,787	-	16,188,353	-	16,203,140
Costs					
Additions during the year	-	81,117	172,998	452,408	706,523
Balance at October 31, 2022	14,787	81,117	16,361,351	452,408	16,909,663
Costs					
Additions during the year	-	-	7,333	908,593	915,926
Write Off	-	(81,117)	-	-	(81,117)
Balance at October 31, 2023	14,787	-	16,368,684	1,361,001	17,744,472

(a) *Graphite Concessions*

Through Woxna, the Company holds a 100% interest in the Woxna Graphite Mine, comprising four concessions, known as Kringelgruvan, Mattsmyra, Gropabo and Mansberg. The Woxna Graphite Mine is located in Ovanaker Municipality, Gavleborg County, central Sweden.

In 1993 Woxna entered into agreements under which it acquired:

- (i) the Kringelgruvan concession for an initial payment of SEK 150,000 and a further payment of SEK 4,000,000 (the "Property Acquisition Obligation"); and
- (ii) the Mattsmyra, Gropabo and Mansberg concessions (the "Graphite Concessions") for an initial payment of SEK 32,500 and a further payment of SEK 1,000,000 on each of the three concessions (the "Additional Consideration").

Payment of the Property Acquisition Obligation and the Additional Consideration is to be made to a Swedish governmental agency and will be based on annual production, at a rate of SEK 20 per metric ton processed and is payable only once accumulated profits have been generated from the individual concessions. No production has commenced on the Mattsmyra, Gropabo and Mansberg concessions and the additional payments are considered to be contingent amounts and will only be recognized as obligations when production commences on these concessions.

During fiscal 2014 the technical feasibility and commercial viability of the Kringelgruvan concession and the Woxna Graphite Mine was demonstrated, transitioning the Kringelgruvan concession to the development stage of mining. Accordingly, the costs of the exploration and evaluation assets attributed to the Kringelgruvan concession and the Woxna Graphite Mine were reclassified to property, plant and equipment. See also Note 6.

(b) *Norra Kärr*

The Norra Kärr Property consists of an exploration permit (Norra Kärr nr 1), valid until August 31, 2026, located in south-central Sweden. The Company is applying for a Natura 2000 permit prior to re-applying for the Norra Kärr mining lease (Norra Kärr K nr 1). The mining lease will provide the Company with greater flexibility to advance the project to its next stages of feasibility development.

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5. Exploration and Evaluation Assets (continued)

(c) *Anode Project*

The Anode Project encompasses the ongoing development towards the possible production of a high purity natural graphite anode material for the lithium-ion battery industry using flake graphite concentrate from the Woxna Graphite mine as a feedstock. The development work involves various metallurgical test work and engineering of the production process and if successful would eventually lead to the establishment of a dedicated anode material factory in Sweden.

During the year ended October 31, 2022 \$81,117 of exploration cost were capitalized. Based on assessment made, the nature of these expenses were found to be general exploration expense in nature and do not qualify to be capitalized as per IFRS 6 Exploration and Evaluation of Exploration properties, accordingly during the year ended October 31, 2023, the company recognized a write-off of \$81,117 of exploration and evaluation asset.

(d) *Romania Exploration Alliance*

In fiscal 2017 the Company and REMAT Group Management SRL ("REMAT") agreed to pursue the investigation and initiation of a prospecting permit application over the Bihor Sud perimeter in Romania. REMAT proceeded to incorporate LEM Resources SRL ("LEM Romania") in fiscal 2017. LEM Romania successfully applied for a non-exclusive prospecting permit (the "Permit") over 25.5 square kilometers in the Bihor area (the "Project"). On August 9, 2018, the Company and REMAT completed a share purchase agreement (the "Share Purchase Agreement") and executed a shareholders' joint venture agreement (the "JV Agreement") whereby the Company acquired an initial 51% ownership interest (the "Initial Interest") in LEM Romania, by issuing 367,006 common shares of the Company at a fair value of \$165,152. As LEM Romania had no assets or liabilities at the time of acquisition of the initial interest, the Company recorded the initial consideration as general exploration expenses. A finder's fee of 5% (the "Finder's Fee") related to the Project will be paid in stages.

Under the JV Agreement the Company has agreed to issue to REMAT certain amounts of shares in the Company upon different milestones being achieved (the "Bonus Shares") as per below;

- (i) 550,509 shares upon the signing of an exploration license; (Issued on May 27, 2022)
- (ii) A maximum of 3,670,062 shares upon identification of any historic Ni-Co and/or Ag-base metal mineral resource estimates at various tonnage thresholds;
- (iii) 734,012 shares upon the filing of a NI 43-101 technical report that establishes a mineral resource on any portion of the Project, with an additional maximum 4,404,072 shares subject to such Ni-Co and/or Ag-base metal mineral resource meeting various tonnage thresholds; and
- (iv) 917,515 shares upon the filing of a Feasibility Study technical report.

Under the JV Agreement, upon the filing of a Feasibility Study technical report REMAT will transfer 39% in LEM Romania to the Company free of any payment bringing the Company's ownership in LEM Romania to 90%.

On May 17, 2022, the company signed the Bihor Sud Exploration License between LEM Romania and the National Agency for Mineral Resources, accordingly exploration and evaluation costs for the project will now be capitalized. On May 27, 2022, the company issued 550,509 shares to REMAT at a fair value of \$178,916 and issued 27,525 common shares at a fair value of \$9,083 as Finder's Fee, this consideration is capitalized as acquisition cost for LEM Romania.

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6. Property, Plant and Equipment

Cost:	Vehicles \$	Equipment and Tools \$	Building \$	Manufacturing and Processing Facility \$	Mineral Property Acquisition and Development Costs \$	Total \$
Balance at October 31, 2021	16,094	287,018	344,139	7,567,878	11,000,845	19,215,974
Adjustment to site restoration	-	-	-	-	(4,612,109)	(4,612,109)
Balance at October 31, 2022	16,094	287,018	344,139	7,567,878	6,388,736	14,603,865
Addition	-	3,410	-	-	-	3,410
Adjustment to site restoration	-	-	-	-	(727,313)	(727,313)
Balance at October 31, 2023	16,094	290,428	344,139	7,567,878	5,661,423	13,879,962
Accumulated Depreciation and Impairment:						
Balance at October 31, 2021	(3,677)	(263,728)	(146,138)	(3,910,218)	(5,000,000)	(9,323,761)
Depreciation	(765)	(1,435)	(21,868)	-	-	(24,069)
Balance at October 31, 2022	(4,442)	(265,163)	(168,006)	(3,910,218)	(5,000,000)	(9,347,830)
Depreciation	(732)	(1,374)	(20,922)	-	-	(23,027)
Balance at October 31, 2023	(5,174)	(266,537)	(188,928)	(3,910,218)	(5,000,000)	(9,370,857)
Carrying Value:						
Balance at October 31, 2022	11,652	21,855	176,133	3,657,660	1,388,736	5,256,035
Balance at October 31, 2023	10,920	23,891	155,211	3,657,660	661,423	4,509,105

During fiscal 2014 technical feasibility and commercial viability of the extraction of mineral resources at the Woxna Graphite Mine was demonstrated, transitioning the Company to the development stage of mining. Upon the transition, costs on the exploration and evaluation assets attributed to the mine were reclassified to property, plant and equipment. On August 1, 2015, the refurbishment and commissioning of the Woxna Graphite Mine was completed.

During fiscal 2019 management assessed whether there were any indications of impairment of the Company's property, plant and equipment as required by IAS 36. In light of the continued suspension of the operations of the Woxna Graphite Mine, large net loss and the low trading value of the Company's common shares, management concluded there were indications of impairment.

When indications of impairment are determined to be present, IAS 36 requires the Company to estimate the recoverable amount of the Company's property, plant and equipment. The Company did not have sufficient verifiable information to prepare adequately detailed and meaningful calculations of fair value less costs of disposal or value in use. Therefore, the Company applied a value in use method that took into account the Company's financial position and results of operations and operational issues among other factors in determining an estimated recoverable amount. This method indicated that an impairment provision of \$8,800,000 was appropriate in fiscal 2019.

As at October 31, 2023 the Company has recognized \$497,296 (October 31, 2022 - \$496,839) for the Property Acquisition Obligation associated with the Kringelgruvan concession, as described in Note 5(a)(i).

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7. Provision for Site Restoration

Although the ultimate amount of the decommissioning obligation for the Kringelgruvan concession is uncertain, the fair value of this obligation is based on information currently available. Significant closure activities include land rehabilitation, demolition of buildings and mine facilities and other costs. The provision for site restoration may be subject to change based on management's current estimates, changes in remediation technology or changes to the applicable laws and regulations. The total undiscounted amount of estimated cash flows to settle the Company's risk adjusted estimated obligation is SEK 40,000,000 and is expected to be incurred in 2041.

The fair value of the decommissioning obligation was calculated using a discounted cash flow approach based on a risk-free rate of 2.998% (2022 – 2.19%) and an inflation factor of 2.0% (2022 – 2.0%). Settlement of the obligation is expected to be funded from general corporate funds at the time of decommissioning. Changes to the decommissioning obligation were as follows:

	\$
Balance at October 31, 2021	9,367,086
Accretion	40,802
Revision of estimates	(3,274,582)
Foreign exchange adjustment	(1,337,527)
	4,795,779
Balance at October 31, 2022	
Accretion	105,028
Revision of estimates	(731,725)
Foreign exchange adjustment	4,412
	4,173,494
Balance at October 31, 2023	4,173,494

As at October 31, 2023 reclamation deposits totaling \$ 91,361 (October 31, 2022 - \$97,637) have been paid. The reclamation deposits were placed as security for site restoration on the Kringelgruvan concession and on certain exploration and evaluation assets.

As at October 31, 2023 the Mattsmyra, Gropabo and Mansberg concessions remain undeveloped and there are no property restoration obligations relating to these concessions.

8. Share Capital

(a) **Authorized Share Capital**

The Company's authorized share capital consists of an unlimited number of common shares without par value. All issued common shares are fully paid.

(b) **Equity Financings**

Year Ended October 31, 2023

During the year ended October 31, 2023, 13,000,000 warrants were exercised for gross proceeds of \$1,300,000.

On August 23, 2023 the Company completed a private placement financing of 21,739,130 units at a price of \$0.115 per unit for gross proceeds of \$2,500,000. Each unit consisted of one common share and one common share purchase warrant. Each warrant is exercisable by the holder to acquire one additional common share at an exercise price of \$0.225 per share, expiring August 23, 2027. The Company paid finders' fees of \$20,930 cash and issued 7,000 finder's warrants.

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8. Share Capital (continued)

Year Ended October 31, 2022

During the year ended October 31, 2022, 4,421,428 warrants and 500,000 options were exercised for gross proceeds of \$1,620,500 and \$112,500 respectively.

550,509 shares were issued to REMAT group at a fair value of \$178,916 per joint venture agreement for the Bihor Sud project and 27,525 shares were issued at a fair value of \$9,083 as Finder's Fees, both relating to the signing of the exploration license for the project.

(c) **Warrants**

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at October 31, 2023 and October 31, 2022, and the changes for the periods ended on those dates is as follows:

	2023		2022	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance beginning of year	49,079,286	0.17	55,164,284	0.19
Issued	21,746,130	0.225	-	-
Exercised	(13,000,000)	0.10	(4,421,428)	0.37
Expired	-	-	(1,663,570)	0.37
Balance end of year	57,825,416	0.21	49,079,286	0.17

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at October 31, 2023:

Number	Exercise Price \$	Expiry Date
4,079,286	0.10	December 30, 2023
32,000,000	0.20	August 7, 2024
7,000	0.225	August 23, 2025
21,739,130	0.225	August 23, 2027
57,825,416	0.21	

(d) **Share Option Plan**

The Company has established a rolling share option plan (the "Plan"), in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The minimum exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of up to five years.

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8. Share Capital (continued)

Year Ended October 31, 2023

4,200,000 stock options were granted at an exercise price of \$0.195 during the year ended October 31, 2023. The value of options granted was determined using the Black-Scholes option pricing model. A weighted average grant date fair value of \$0.154 was calculated using expected stock price volatility of 114.79%, risk free rate of 2.98% and option life of five years are based on the Company's historical share price volatility and option life.

500,000 stock options were granted at an exercise price of \$0.195 during the year ended October 31, 2023. The value of options granted was determined using the Black-Scholes option pricing model. A weighted average grant date fair value of \$0.124 was calculated using expected stock price volatility of 106.38%, risk free rate of 2.98% and option life of three years are based on the Company's historical share price volatility and option life.

700,000 stock options were granted at an exercise price of \$0.20 during the year ended October 31, 2023. The value of options granted was determined using the Black-Scholes option pricing model. A weighted average grant date fair value of \$0.139 was calculated using expected stock price volatility of 99.96%, risk free rate of 3.59% and option life of five years are based on the Company's historical share price volatility and option life.

Year Ended October 31, 2022

3,200,000 stock options were granted at an exercise price of \$0.62 during the year ended October 31, 2022. The value of options granted was determined using the Black-Scholes option pricing model. A weighted average grant date fair value of \$0.270 was calculated using expected stock price volatility of 97.55%, risk free rate of 3.54% and option life of three years.

During the year ended October 31, 2022, 500,000 options were exercised at an average price of \$0.225 per share for gross proceeds of \$112,500.

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measure of the fair value of the Company's share options.

A summary of the Company's share options at October 31, 2023 and 2022 and the changes for the year ended on those dates is as follows:

	2023		2022	
	Number of Options Outstanding	Weighted Average Exercise Price \$	Number of Options Outstanding	Weighted Average Exercise Price \$
Balance beginning of year	8,070,000	0.43	5,870,000	0.32
Issued	5,400,000	0.20	3,200,000	0.62
Exercised	—	-	(500,000)	0.23
Expired	(4,870,000)	0.29	(500,000)	0.56
Balance end of period	8,600,000	0.36	8,070,000	0.43

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8. Share Capital (continued)

The weighted average share price at the date of exercise for share options exercised during the year ended October 31, 2023 was \$Nil per share (2022 - \$0.225).

The following table summarizes information about the share options outstanding and exercisable at October 31, 2023:

Number Outstanding	Number Exercisable	Exercise Price \$	Expiry Date
3,200,000	2,050,000	0.62	January 27, 2025
500,000	165,000	0.195	April 26, 2026
700,000	-	0.20	November 3, 2027
<u>4,200,000</u>	<u>1,386,000</u>	0.195	April 26, 2028
8,600,000	3,601,000		

9. Related Party Disclosures

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and its executive officers.

(a) During the year ended October 31, 2023 and 2022 the following compensation was incurred:

	2023 \$	2022 (as restated Note-14) \$
Directors and officer's compensation (current and former)	182,341	443,700
Share based compensation (Current and former)	<u>635,010</u>	<u>774,572</u>
	<u>817,351</u>	<u>1,218,272</u>

As at October 31, 2023, \$ 4,536 (October 31, 2022 - \$9,733) remained unpaid and has been included in accounts payable and accrued liabilities.

(b) SKS Business Services Ltd., a private corporation owned by Sanjay Swarup (appointed as Chief Financial Officer ("CFO") of the Company on March 1, 2021), provides accounting and administrative services. During the year ended October 31, 2023, the Company incurred \$57,948 (2022 - \$50,526) for accounting services by SKS Business Services.

Chase Management Ltd. ("Chase"), a private corporation owned by the former Chief Financial Officer ("CFO") of the Company, provides accounting and administrative services. During the year ended October 31, 2023 the Company incurred \$Nil (2022 - \$629) for services provided by Chase personnel.

10. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: fair value through profit or loss ("FVTPL"); amortized cost; fair value through other comprehensive income ("FVOCI"). The carrying values of the Company's financial instruments are classified into the following categories:

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10. Financial Instruments and Risk Management (continued)

Financial Instrument	Category	October 31, 2023 \$	October 31, 2022 \$
Cash	FVTPL	2,427,311	1,198,536
Reclamation deposit	amortized cost	91,361	97,637
Investments	FVTPL	150,462	148,839
Accounts payable and accrued liabilities	amortized cost	(329,413)	(203,426)
Property acquisition obligation	amortized cost	(497,296)	(496,839)

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for amounts receivable and accounts payable and accrued liabilities approximate their fair value due to their short term nature. The recorded amounts for the reclamation deposit, investments and property acquisition obligation approximates their fair value. The Company's fair value of cash under the fair value hierarchy is measured using Level 1.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, amounts receivable and reclamation deposit.

Management believes that the credit risk concentration with respect to financial instruments included in cash, amounts receivable and reclamation deposit is remote.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. The following table is based on the contractual maturity dates of financial assets and liabilities and the earliest date on which the Company can be required to settle financial liabilities.

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10. Financial Instruments and Risk Management (continued)

Contractual Maturity Analysis at October 31, 2023

	Carrying Amount \$	Contractual Cash Flows \$	Less than 3 Months \$	1 - 5 Years \$	Over 5 Years \$
Cash	2,427,311	2,427,311	2,427,311	-	-
Reclamation deposit	91,361	91,361	-	-	91,361
Investments	150,462	150,462	-	150,462	-
Accounts payable and accrued liabilities	(329,413)	(329,413)	(329,413)	-	-
Property acquisition obligation	(497,296)	(497,296)	-	(497,296)	-

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash bear floating rates of interest. The interest rate risk on cash and on the Company's obligations are not considered significant.

Foreign Currency Risk

The Company's functional currency is the Canadian Dollar and major transactions are transacted in Canadian Dollars, Swedish Krona ("SEK") and Romanian Leu ("RON"). The Company maintains SEK bank accounts in Sweden and RON bank balances in Romania to support the cash needs of its foreign operations. Management believes the foreign exchange risk related to currency conversions is minimal and therefore does not hedge its foreign exchange risk. At October 31, 2023, 1 Canadian Dollar was equal to 8.0435 SEK as per Swedish Central Bank and 1 Canadian Dollar was equal to 3.3831 RON as per Romania Bank. Balances are as follows:

	SEK	CDN \$ Equivalent	RON	CDN \$ Equivalent
Cash	2,554,849	317,629	210,596	62,250
VAT receivable	408,409	50,775	458,794	135,615
Inventories	621,248	77,236	-	-
Plant stores and supplies	670,466	83,355	-	-
Reclamation deposit	734,862	91,361	-	-
Accounts payable and accrued liabilities	(1,127,827)	(140,216)	(311,891)	(92,192)
Property acquisition obligation	(4,000,000)	(497,296)	-	-
	(137,993)	(17,156)	357,499	105,673

Based on the net exposures as of October 31, 2023 and assuming that all other variables remain constant, a 10% fluctuation of the Canadian Dollar against the SEK and RON would result in the Company's net impact being approximately respectively \$ 1,716 & \$10,567 higher or lower.

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the

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10. Financial Instruments and Risk Management (continued)

Company's management to sustain development of the business. The Company defines capital that it manages as share capital and cash. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

11. Supplemental Cash Flow Information

During the year ended October 31, 2023 and 2022 non-cash activities were conducted by the Company as follows:

	2023 \$	2022 \$
Operating activity		
Provision for site restoration	(727,313)	(4,612,109)
Investing activity		
Revisions of estimates on property, plant and equipment	727,313	4,612,109
Share-based payment reserve	351	-
Share issue costs	(351)	-
	<u>727,313</u>	<u>4,612,109</u>

12. Segmented Information

The Company is involved in the exploration and development of resource properties in Sweden with corporate operations in Canada and accordingly, has no reportable segment revenues or operating results. The Company's total assets are segmented geographically as follows:

	As at October 31, 2023			
	Corporate Canada \$	Mineral Operations Sweden \$	Mineral Operations Romania \$	Total \$
Current assets	2,144,215	700,431	197,865	3,042,511
Exploration and evaluation assets	-	16,383,471	1,361,001	17,744,472
Property, plant and equipment	-	4,506,344	2,761	4,509,105
Reclamation deposit	-	91,361	-	91,361
	<u>2,144,215</u>	<u>21,681,607</u>	<u>1,561,627</u>	<u>25,387,449</u>

	As at October 31, 2022			
	Corporate Canada \$	Mineral Operations Sweden \$	Mineral Operations Romania \$	Total \$
Current assets	923,015	559,977	86,091	1,569,083
Exploration and evaluation assets	-	16,457,255	452,408	16,909,663
Property, plant and equipment	-	5,256,035	-	5,256,035
Reclamation deposit	-	97,637	-	97,637
	<u>923,015</u>	<u>22,370,904</u>	<u>538,499</u>	<u>23,832,418</u>

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13. Income Taxes

Deferred income tax assets are as follows:	2023	2022
	\$	\$
Deferred income tax assets (liabilities):		
Losses carried forward	12,012,888	11,385,542
	<u>12,012,888</u>	<u>11,385,542</u>
Valuation allowance	(12,012,888)	(11,385,542)
Deferred income tax assets	<u>-</u>	<u>-</u>

The recovery of income taxes shown in the consolidated statements of comprehensive loss differ from the amounts obtained by applying statutory rates to the loss before provision for income taxes due to the following:

	2023	2022
	\$	\$
Income tax rate reconciliation		
Combined federal and provincial income tax rate	<u>27%</u>	<u>27%</u>
Expected income tax recovery	(697,268)	(854,160)
Effect of change in tax rates	-	59,038
Foreign income tax rate difference	52,472	98,987
Non-deductible share-based compensation	230,654	263,105
Other (net addbacks and deductions)	32,924	-
Unrecognized benefit of income tax losses	<u>381,218</u>	<u>433,030</u>
	<u>-</u>	<u>-</u>

As at October 31, 2023 the Company has non-capital losses of approximately \$27,850,354 (2022 - \$25,474,311) and cumulative pools of approximately \$85,800 (2022 - \$85,800) for Canadian income tax purposes and are available to reduce Canadian taxable income in future years. The non-capital losses expire commencing 2029 through 2043. The Company's Sweden subsidiaries have losses for income tax purposes of approximately \$15,945,656 (2022 - \$16,500,958) which may be carried forward indefinitely. The Company's Romania subsidiary has loss for income tax purposes of approximately \$512,974 (2022 - \$193,406) which commence expiring from 2024 through 2030.

14. Prior Year Restatement

For the year ended October 31, 2023, management has determined that the consolidated financial statements for the year ended October 31, 2022 needed to be restated to correct for the accounting for the following matter:

To record share based compensation as \$974,462 instead of \$1,421,437 because previously share-based compensation expense was booked based on immediate vesting in which fair value at grant date has been expensed in full but stock option issuances are subject to vesting conditions. The issuance during the year ended October 31, 2022 was in two tranches, each tranche is recognized separately and accordingly its share-based compensation is amortized on a straight-line basis over the vesting period.

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14. Prior Year Restatement (continued)

Impact on Consolidated Statement of Financial Position as at October 31, 2022:

	Previously Reported \$	October 31, 2022 Restatement \$	October 31, 2022 Restated \$
ASSETS			
Current assets			
Cash	1,198,536	-	1,198,536
GST/VAT receivables	15,915	-	15,915
Prepaid expenses	45,350	-	45,350
Investments	148,839	-	148,839
Inventory	77,165	-	77,165
Plant stores and supplies	83,278	-	83,278
Total current assets	1,569,083	-	1,569,083
Non-current assets			
Exploration and evaluation assets	16,909,663	-	16,909,663
Property, plant and equipment	5,256,035	-	5,256,035
Reclamation deposit	97,637	-	97,637
Total non-current assets	22,263,335	-	22,263,335
TOTAL ASSETS	23,832,418	-	23,832,418
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	203,426	-	203,426
Non-current liabilities			
Provision for site restoration	4,795,779	-	4,795,779
Property acquisition obligation	496,839	-	496,839
Total non-current liabilities	5,292,618	-	5,292,618
TOTAL LIABILITIES	5,496,044	-	5,496,044
SHAREHOLDERS' EQUITY			
Share capital	55,442,053	-	55,442,053
Share-based payments reserve	7,609,123	(446,975)	7,162,148
Deficit	(44,714,802)	446,975	(44,267,827)
TOTAL SHAREHOLDERS' EQUITY	18,336,374	-	18,336,374
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	23,832,418	-	23,832,418

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14. Prior Year Restatement (continued)

Impact on Consolidated Statements of Comprehensive Income for the year ended October 31, 2022 :

	Previously Reported \$	October 31, 2022 Restatement \$	October 31, 2022 Restated \$
Expenses			
Accretion of provision for site restoration	40,802	-	40,802
Corporate development	109,458	-	109,458
Depreciation	24,069	-	24,069
Directors and officer's compensation	443,700	-	443,700
Research, development and general exploration	79,774	-	79,774
Accounting and audit	139,204	-	139,204
General and administration	76,773	-	76,773
Listing and regulatory costs	198,495	-	198,495
Operations	223,134	-	223,134
Salaries, compensation and benefits	311,996	-	311,996
Professional fees	64,069	-	64,069
Share based compensation	1,421,437	(446,975)	974,462
Travel	19,515	-	19,515
	<u>3,152,426</u>	<u>(446,975)</u>	<u>2,705,451</u>
Loss before other items	<u>(3,152,426)</u>	<u>446,975</u>	<u>(2,705,451)</u>
Other items			
Interest income	25,497	-	25,497
Other Income	6,571	-	6,571
Foreign exchange	151,206	-	151,206
Mark to market adjustment loss	(383,766)	-	(383,766)
Gain/Loss on sale of investment	(257,614)	-	(257,614)
	<u>(458,106)</u>	<u>-</u>	<u>(458,106)</u>
Net loss and comprehensive loss	<u>(3,610,532)</u>	<u>446,975</u>	<u>(3,163,557)</u>
Loss per share – basic and diluted	<u>(\$0.02)</u>	<u>-</u>	<u>(\$0.02)</u>
Weighted average number of common shares outstanding – basic and diluted	<u>151,801,734</u>	<u>-</u>	<u>151,801,734</u>

Impact on Consolidated Statements of Changes in Equity for the year ended October 31, 2022 :

Year Ended October 31, 2022 (as restated – Note 14)					
Share Capital					
	Number of Shares	Amount \$	Share-Based Payments Reserve \$	Deficit \$	Total Equity \$
Previously reported balance as at October 31, 2022	152,523,533	5,442,053	7,609,123	(44,714,802)	18,336,374
Restatement Adjustment	-	-	(446,975)	446,975	-
Restated balance as at October 31, 2022	<u>152,523,533</u>	<u>55,442,053</u>	<u>7,162,148</u>	<u>(44,267,827)</u>	<u>18,336,374</u>

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14. Prior Year Restatement (continued)

Impact on the Consolidated Statements of Cash Flows for the year ended October 31, 2022 :

	Previously Reported \$	October 31, 2022 Restatement \$	October 31, 2022 Restated \$
Operating activities			
Net loss for the year	(3,610,532)	446,975	(3,163,557)
Adjustments for:		-	
Accretion of provision for site restoration	40,802	-	40,802
Depreciation	24,069	-	24,069
Foreign exchange	(59,577)	-	(59,577)
Share based compensation	1,421,437	(446,975)	974,462
Mark to market adjustment loss	383,766	-	383,766
Loss on sale of investments	257,614	-	257,614
Changes in non-cash working capital items:			
GST/VAT receivables	3,814	-	3,814
Prepaid expenses and other	16,203	-	16,203
Accounts payable and accrued liabilities	(1,824)	-	(1,824)
Net cash used in operating activities	(1,524,228)	-	(1,524,228)
Investing activity			
Proceeds from sale of investments	191,491	-	191,491
Expenditures on exploration and evaluation assets	(518,524)	-	(518,524)
Net cash from (used in) investing activity	(327,033)	-	(327,033)
Financing activities			
Issuance of common shares	1,733,000	-	1,733,000
Net cash provided by financing activities	1,733,000	-	1,733,000
Net change in cash	(118,261)	-	(118,261)
Cash at beginning of year	1,316,797	-	1,316,797
Cash at end of year	1,198,536	-	1,198,536

15. Commitments

In Romania, for exploration licenses applied through the public bid process, an investment offer is presented for each exploration license, the offer of which represents the total amounts required to be spent in order to maintain possession of the concession area at the end of the five-year investment period. Accordingly, should the Company wish to retain possession of the exploration license in Romania it holds as at October 31, 2023, the Company's expenditure commitment for the five-year period ending May 15, 2027 is \$6,484,813 Euros (approx. \$9,532,675 CAD) of which \$1,361,001 CAD has been spent as at October 31, 2023.

16. Events after the Reporting Period

- On December 21, 2023, 314,286 warrants were exercised at an average price of \$0.10 per share for gross proceeds of \$31,428.
- On December 28, 2023, 3,375,000 warrants were exercised at an average price of \$0.10 per share for gross proceeds of \$337,500.
- On December 30, 2023, 390,000 warrants were expired.